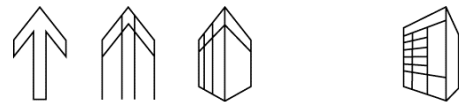


# **South Hayward BART/Mission Boulevard Concept Plan**

## Retail and Residential Market Assessment

February 18, 2005

*prepared for:*  
City of Hayward  
Redevelopment Agency



**STRATEGICECONOMICS**

<b>I.</b>	<b>INTRODUCTION .....</b>	<b>1</b>
<b>II.</b>	<b>DEMOGRAPHIC OVERVIEW .....</b>	<b>2</b>
	Major Demographic Characteristics of the Primary Market Area .....	2
	Demographic Summary .....	4
<b>III.</b>	<b>RETAIL MARKET ASSESSMENT .....</b>	<b>5</b>
	Mission Boulevard Shopping Centers .....	5
	Other Study Area Commercial Space .....	6
	Future Demand for Retail in the Study Area .....	6
<b>IV.</b>	<b>RESIDENTIAL MARKET ASSESSMENT .....</b>	<b>10</b>
	For-Sale Housing Market .....	11
	<i>Residential Sales Activity in the Housing Market Area .....</i>	<i>11</i>
	<i>Housing Market Area Summary .....</i>	<i>14</i>
	<i>Currently Selling &amp; Recently Built For-Sale Attached Housing in Downtown Hayward .....</i>	<i>14</i>
	<i>Summary of Downtown Hayward Condo/Townhome Market Performance.....</i>	<i>17</i>
	<i>Planned and Proposed Condo/Townhome Development in Hayward.....</i>	<i>17</i>
	<i>Two Case Studies of New For-Sale Residential Development Near BART Stations.....</i>	<i>19</i>
	Rental Housing Market .....	22
	<i>Study Area Apartment Market .....</i>	<i>22</i>
	<i>Performance of New Apartment Product in Hayward.....</i>	<i>22</i>
	<i>Apartment Developments Near BART Stations.....</i>	<i>23</i>
	<i>Apartment Market Summary.....</i>	<i>23</i>
	Future Housing Demand in the Study Area.....	25
	<i>Rental Housing .....</i>	<i>25</i>
	<i>Attached For-Sale Housing .....</i>	<i>25</i>

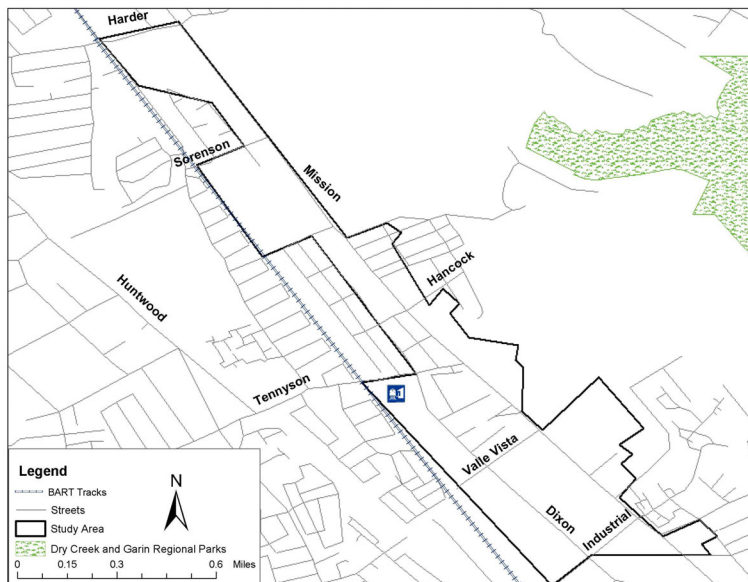
# I. INTRODUCTION

The area that includes the South Hayward BART station and South Mission Boulevard corridor experienced considerable growth from 1990 to 2000, with an overall population increase of 36 percent and the addition of nearly 1,500 households. During the same decade Hayward as a whole grew by 26 percent. With fewer development opportunities available since 2000, growth has slowed significantly in the neighborhood that includes the Study Area (shown in Figure 1.) Between 2000 and 2003, estimated growth in the Primary Market Area was slightly less than 2.5 percent. New retail development did not accompany the rapid residential growth that characterized the 1990s in the Study Area. Apart from retail tenant turnover, the retail landscape has remained largely unchanged since the early 1990s.

The City of Hayward is projected to add an additional 16,600 residents between 2000 and 2015.<sup>1</sup> The substantial areas of vacant and underutilized land in the Study Area combined with excellent rail and auto transportation access position the South Hayward BART Station/ Mission Boulevard Study Area for further growth. Regionally, demographics are shifting towards types of households who are most interested in living near transit: couples, singles and empty nesters.<sup>2</sup> In a recent study for the Metropolitan Transportation Commission, the CTOD (Center for Transit-Oriented Development) projects that 64,000 Alameda County households will be likely candidates for living in housing near transit by 2030.<sup>3</sup>

The extent and character of new residential development in the Study Area, in large part, will shape the area's retail opportunities. This analysis describes the current residential and retail market conditions as they relate to future development opportunities in the Study Area.

Figure 1: South Hayward Bart/ Mission Boulevard Concept Study Area



Source: Strategic Economics, 2004.

<sup>1</sup> ABAG Projections 2005

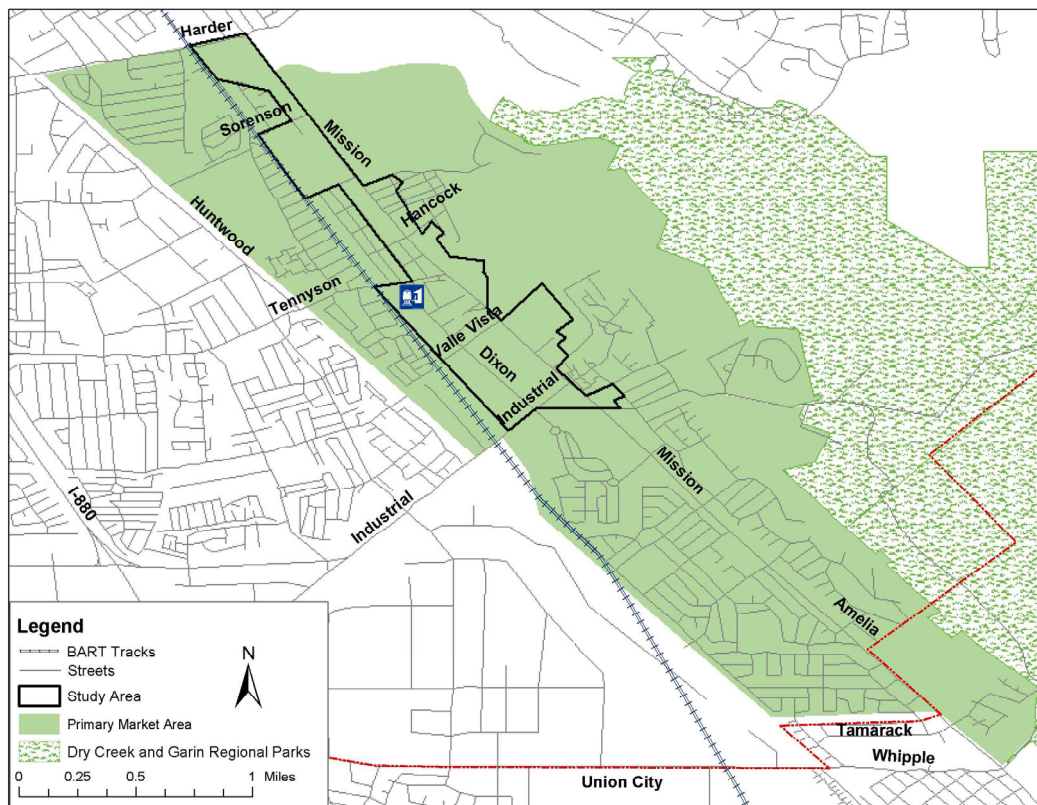
<sup>2</sup> Hidden in Plain Sight- Capturing the Demand for Housing Near Transit, Center for Transit Oriented Development, June 2004

<sup>3</sup> Transit Oriented Development Demand Analysis, Center for Transit Oriented Development, December 2004

## II. DEMOGRAPHIC OVERVIEW

This demographic overview describes general characteristics of population and households in the Primary Market Area in order to better understand the buying preferences of the current population and the demand for neighborhood-serving retail on Mission Boulevard and in the South Hayward BART area. The Primary Market Area (Figure 2) is delineated based upon a likely trade area for neighborhood-serving retail within the Study Area, based on southbound evening commute traffic and BART's location roughly at the center of this Market Area. There are a total of approximately 24,000 residents in the Primary Market Area. Demographic characteristics of the Primary Market Area are compared to Hayward and Alameda County for context. The corresponding demographic tables for this analysis are shown in the Appendix.

Figure 2: South Hayward Bart/ Mission Boulevard Primary Market Area



Source: Strategic Economics, 2004.

### MAJOR DEMOGRAPHIC CHARACTERISTICS OF THE PRIMARY MARKET AREA

#### *Rapid residential development and population increase from 1990 to 2000*

From 1990 to 2000 the population of the Primary Market Area (PMA) grew by 6,209 persons to 23,610 persons for an overall increase of 36 percent. While some population growth occurred

through growth in household sizes, most growth occurred through new households. From 1990 to 2000 1,488 new households entered or were formed in the Primary Market Area, the majority of which were families. Current estimates indicate that PMA population growth from 2000 to early 2004 was approximately 460 residents, or a population growth rate of 2 percent.

***Strong presence of family households***

The Primary Market Area had a high proportion of families in 2000 (74%), while the City had 71 percent family households and the County 65 percent. As previously mentioned, most of the population growth that occurred from 1990 to 2000 occurred within family households.

***Growing household sizes***

Household sizes in the Primary Market Area, like greater Hayward grew from 1990 to 2000 from 2.8 to 3.06 persons per household. In keeping with the higher percentage of family households, households in the PMA and Hayward were, on average, larger than County households (2.7 in 2000).

***Higher average incomes than in greater Hayward***

According to 2000 Census information, the PMA has a higher average household income (\$65,809) than the City (\$60,623). These largely explained by the construction of higher end housing in the PMA just outside the Study Area, at Twin Bridges and in the Garin Avenue area. Both the Primary Market Area and the City have a lower average household income than the County, whose average household income in 2000 was \$72,687.

***Relatively high home ownership rate***

In 2000, 59 percent of households in the Primary Market Area owned their homes, compared to 53 percent Citywide and 55 percent at the County level.

***Greater representation of children than in the County***

The age distribution of Primary Market Area residents is similar to that of the City. The PMA and City have a higher share of school-age residents 17 or younger (27%) compared with the County (24%). From 1990 to 2000 the age cohorts that experienced the greatest numeric increase in the Primary Market Area were 6-17 years, 35- 44 years, and 45-54 years. The largest increase over the decade was in 6- to 17-year olds (1,524 persons). The increase in numbers of school-age children helps to explain the growth in household sizes over the decade.

***Education levels comparable to City and lower than County***

Like the City, 24 percent of the population 25 years and over in the Primary Market area is without a high school diploma/GED. Also similar to the City, and divergent from the higher average education levels County-wide, 14 percent have a Bachelor's Degree and 7 percent hold a Master's Degree or higher. Educational attainment in the PMA remained constant from 1990 to 2000, despite the increase in incomes and the addition of new higher end housing to the area.

***The Primary Market Area is racially and ethnically diverse.***

Similar to the Hayward population overall, roughly one third of Primary Market Area residents are Hispanic/Latino. The area also has 34 percent White residents, 18 percent Asian residents, and 9 percent Black or African American residents. In comparison with the County there are proportionally higher numbers of Hispanic/Latino residents in the PMA and City.

## **DEMOGRAPHIC SUMMARY**

The PMA grew by a third from 1990 to 2000. A total of 353 households or nearly one fourth of all new households in the PMA moved into homes at the Twin Bridges development that was completed in 1999 just south of the South Hayward BART/ Mission Boulevard Concept Plan Study Area. Since 2000, population and household growth has dropped off dramatically in the PMA, and is increasing slightly slower than the City as a whole. The population of the PMA is ethnically and racially diverse, with larger than average representations of Hispanic/Latino residents. Home ownership and family households are also very characteristic of the area. The 2000 average household income of \$65,800 indicates middle-income buying power levels. While incomes are fairly robust, education levels are lower than County levels.

Population growth and rising income levels in the Primary Market Area are good indicators of its marketability as a housing location, and also signal potential new retail market opportunities. As the population has grown, neighborhood retail has remained largely unchanged. Many retailers will be interested in the changing local demographic profile of the South Hayward BART/Mission Boulevard Primary Market Area as it relates to development opportunities in the Study Area.

### III. RETAIL MARKET ASSESSMENT

Retail development on the segment of the Mission Boulevard corridor that falls within the Study Area consists of neighborhood shopping centers and free-standing stores and restaurants. In general, development is diffuse: retail concentrations interspersed with vacant parcels, little-used parking lots and the occasional older single family home. Most free-standing commercial buildings date from the 1970s or earlier. Many independent uses are auto-related, such as repairs and car care shops. A number of free-standing structures in the area are poorly-maintained and/or vacant, and few appear to be actively marketed for sale or lease. Free-standing businesses that seem to be performing relatively well based on customer activity levels serve niche markets, such as the Jimenez Super Market serving primarily the area's Hispanic/Latino population, and the variety of ethnic food and merchandise serving primarily the South Asian population, such as specialty groceries and apparel.

#### MISSION BOULEVARD SHOPPING CENTERS

There are four shopping centers and one entertainment center located in the Study Area, shown below in Table 1. Also included is Fairway Park shopping center, because it forms part of the Study area neighborhood retail market. Taken as a whole, the centers in the Study Area primarily serve discount and ethnic niche-oriented markets. Performance indicators such as lease rates were made available by representatives of two of these centers. The west side of Mission Boulevard is the location for three of the four shopping centers; the majority of evening commuter traffic travels south-bound on the west side of the street. Furthermore, east side retail development opportunities are also constrained by shallower parcel depths, hillside, and, at the north end of the Study Area, by the Holy Sepulchre Cemetery.

Table 1: Study Area Shopping Centers, 11/04

Project Name	Location	Street Address	Description	Year Built	Retail Sq. Ft.	Rent	Vacant Sq. Ft.	Vacancy Rate	Tenants	Interview Notes
<b>K-Mart</b>	Mission near Harder	26231 Mission	NA	1973	94,485 incl. pad space	NA	NA	NA	Big K-MART, Pay Less Shoes, McDonalds	On separate pads. Largely vacant parking lot.
<b>Haymont</b>	Mission and Sorenson Rd.	26657 Mission	South Asian focus	1951	42,515	\$1.10-\$2.35 + NNN	2 vacant stores 11,700sf and 1,750 sf	0% (a)	Indian Music World, Pakistani Restaurant, Indian Grocery, Curry Corner, Sari/Fabric Store, Real Estate Office	Larger vacant space is \$1.10-\$1.20sf will be temporary leased, smaller space has been on market for 1 month
<b>Mission Plaza</b>		26905 Mission	Grocery-anchored Neigh. Center	1991	84,500	\$2.00-\$2.50+ NNN (.55)	0	0%	Walgreens, Bank of America, Food Source, Blockbuster, Wells Fargo, Rent-A-Center, Starbucks, Subway	Albertson's is biggest competitor
<b>Holiday House Bowl</b>	Mission and Industrial Pkwy.	29827 Mission	Entertainment Center and small office/retail	Holiday Bowl: 1958 Holiday House: 1965 Offices: 1971	NA	\$1.00 sf or less+utilities, NNN	0	0%	Bowling Alley, Cocktail Bar, Coffee Shop	N. of Holiday House are chiropractor, cleaners and office building. No other bowling alleys in Hayward, Mission Blvd. Needs more entertainment centers
<b>Mission Park Center</b>	Mission near Garin	30082 Mission	Strip Center	1992	30,460	NA	NA	NA	Pupuseria, Curves, State Farm, UPS store, India Fashion and Grocery, Dental and Baller on 2nd story	
<b>Fairway Park (outside Study Area)</b>	Rousseau and Mission	31049 Mission	Grocery-anchored Neigh. Center	1955	140,000	NA	26,000	19%	Albertsons, Taco Bell, Kite Aid, Restaurants, Beauty Salon Sports Centers Inc.	2 levels in some areas

Note: (a) Although a business is leasing the 11,000+ s.f. space, it remains unoccupied.

Source: Strategic Economics, 2004

Mission Plaza is the only major grocery-anchored neighborhood center in the Study Area, and is anchored by Food Source and Walgreen's. Other centers in the Study Area are: the Big Kmart Center at Harder Road and Mission which includes a large under-utilized parking lot as well as

Payless Shoe Source and McDonald's on separate pads; Haymont strip center at Sorenson on the west side of Mission, with food and goods catering to a South Asian and Middle Eastern clientele; and Mission Park shopping strip center with a variety of service and retail tenants on the ground floor and medical and dance class space above. Specific rent information was only available for Mission Plaza neighborhood center, the Haymont center at Sorenson and Mission, and the Holiday House.

The better-performing of the shopping centers, Mission Plaza, was built in 1991, and is anchored by the Food Source grocery store and Walgreen's. In addition to the typical discount food store offerings, Food Source has a substantial Hispanic Foods section. The center is currently fully leased with rents ranging from \$2.00 to \$2.50 NNN per square foot, with estimated triple net charges of \$0.55 per square foot. According to the broker, the Haymont center at Mission and Sorenson, is slated for redevelopment by the owner, who is interested in pursuing a mixed use residential and retail project. Although it is a local strip center format, its specialized niche serves both a local and regional market. In particular, the Pakwan Pakistani restaurant and banquet hall located in the center serves residents of greater Hayward and the East Bay. Current rents range from \$1.10 to \$2.35 triple net in the Haymont Center. Despite the fact that the center will be redeveloped (at an undetermined time in the future), a larger storefront was recently leased on a temporary basis for \$1.10 per square foot. This space, however, remains unoccupied as the leaseholder has yet to move in.

The Fairway Park Shopping Center, built in 1955, is a 140,000 square foot neighborhood center located at Mission and Rousseau, approximately one mile south of the Study Area. This center is included in this discussion because the Albertson's in the center is the nearest conventional major grocery store that currently serves Study Area residents. Some portions of the center have two stories. Fairway Park is anchored by Albertson's and Rite Aid, with smaller, quick service restaurants and personal service tenants. The shopping center currently has a vacancy rate of 19 percent. The relatively high vacancy rates may be partially explained by the center's older vintage and design, and that the Albertson's/ Rite Aid anchor may not be enough of a draw to support the level of shop space.

## **OTHER STUDY AREA COMMERCIAL SPACE**

Along the southern edge of the Study Area at the southwest corner of Industrial Parkway and Mission, Holiday House Bowl is a large entertainment center (also shown in Table 1) built in different phases from the late 1950s to the early 1970s. The center includes Holiday Bowl, Holiday House cocktail bar and coffee shop. The parcel also has a long, one-story building fronting on Industrial Parkway built in 1971 that houses commercial space. The commercial space leases for approximately \$1.00 triple net. A roof-mounted telecommunications antennae is also a rent generator.

## **FUTURE DEMAND FOR RETAIL IN THE STUDY AREA**

Shopping centers within the Study Area on Mission Boulevard tend towards a tenant mix with a particular ethnic focus and/or a discount orientation. All these centers follow traditional suburban shopping center formats and lack design elements or amenities that encourage casual gathering or lingering. There has been no new shopping center development activity since the early 1990s, and very little reinvestment in other types of retail properties. The newest grocery-anchored retail space (Mission Plaza, 1991) commands rents that are commensurate with other similar shopping centers throughout the region, while most of the Study Area's rents are much lower and typical of space that has not experienced any significant reinvestment by the property owners. Given the



strong occupancy rates in both older and newer shopping center space in the Study Area, there is very strong market potential for neighborhood-serving retail space within the context of a more contemporary physical format that incorporates walkability and gathering places. Currently, the highest retail rents in the Study Area are for shop space at Mission Plaza, which leases for up to \$2.50 NNN per square foot. In downtown Hayward, lease rates for newer retail product range up to \$2.85 NNN per square foot (for pad space in front of Albertson's). New retail space accompanied by new proximate housing development in the area near South Hayward BART would likely command rents in the \$2.25 to \$2.50 NNN range, and potentially higher with a grocery anchor.

### ***Consolidation of Retail Space***

Although the population growth and demographics of the Primary Market Area indicate strong local support for newer generation retail formats and tenants in the Study Area, high traffic volumes and diffuse and outmoded commercial development on some stretches of Mission Boulevard have constrained their development. In order for new retail space to succeed along Mission, it needs to be concentrated within nodes which can support a critical mass of new stores. Most traditional suburban grocery-anchored neighborhood retail centers are 100,000 square feet and up, requiring minimum 5-acre parcels. Significant new retail investment can occur on Mission Boulevard only if a large enough site can be made available. A new center would not necessarily have a significant impact on the remaining marginal retail space, which is likely to "limp" along in its current form because property owners are still profiting from these uses, and there is not necessarily an economically viable alternative use.

### ***Older Independently Owned Retail Space on Mission Boulevard***

Multiple ownership freestanding retail space along Mission Boulevard represents a different set of challenges than the attraction of new clusters of retail on a large site. Much of the older free-standing retail space on Mission does not meet the most basic current physical requirements for retailers. Improving this space, then, should be addressed separately than availing space for new retail development in a center. Based upon the dearth of for-lease or for-sale signs on Mission, property owners currently have little impetus to change or upgrade their space. Improving the physical appearance of much of the freestanding retail may need to include programmatic ways to stimulate reinvestment by property owners so that they can attract more viable one-of-a-kind tenants.

### ***Grocery Opportunities***

While a full-blown grocery store demand analysis was not performed, this section gives a qualitative overview of the potential for an additional grocery store in the Study Area. On a gross level, a typical rule of thumb for assessing market support for a full-service conventional format (i.e. Safeway, Albertson's) employs a trade area of 10,000 persons. There are currently more than 24,000 people within the Primary Market Area, served by Food Source and Albertson's along Mission Boulevard. Food Source, a discount full-service grocery store, is the only major full-service grocery store in the Study Area, while the smaller independent Jimenez supermarket serves a mostly Hispanic clientele. The Albertson's is an older store located one mile south of the Study Area on Mission in Fairway Park Shopping Center. The design and appearance of Fairway Park is outdated by current retail market standards. The current supply and quality of grocery stores serving the Study Area, coupled with strong Primary Market Area demographics indicate further grocery potential.

Perhaps more salient than conventional rules of thumb for assessing grocery demand is the fact that today's grocery market is continually segmenting in response to the tastes of more sophisticated consumers and ethnic markets. Since the variety of grocery store formats and their

site location criteria has proliferated over the last ten years, a new store could potentially enter the area that would not necessarily compete head to head with the existing grocery stores. Furthermore, a grocery store could potentially play an important role in anchoring new retail with a greater pedestrian orientation in the Study Area. Further study of potential grocery stores in the Study Area will accompany the concept analysis of specific opportunity sites. Given the current grocery supply and demographics of the Primary Market Area, there may be opportunities for an additional store in the area, either through replacement or a new format. Various types of grocery stores will be tested during the opportunities evaluation phase of the Concept Plan.

### ***Entertainment/ Recreation Development***

Currently, the Study Area is served by several destination recreation facilities: the Mission Hills of Hayward golf course and driving range, located just outside the Study Area on Industrial Parkway; and the Holiday Bowl, located inside the Study Area at Industrial Parkway and Mission Boulevard. The Valle Vista Roller Rink, formerly located at Mission Boulevard at Valle Vista, is now closed and is slated for redevelopment as senior housing. While a market analysis of the potential for new major entertainment/recreation in the Study Area was not conducted for this study, this section briefly highlights some of the issues that will impact the potential for private development of entertainment/ recreation development within the Study Area.

In a competitive real estate market such as the Bay Area, bowling alleys typically do not generate sales that can pay market rents. This gap between land values and project revenues also impacts the viability of roller skating rinks, and led to the closure of the Valle Vista Skating Rink on Mission Boulevard. Since most bowling alleys are leased by their owners, housing pressure and rising land costs have prompted the conversion of numerous bowling alleys in Northern California over the last decade. Should Holiday Bowl site land uses change, it is highly unlikely that another bowling alley would be redeveloped in the Study Area or greater Hayward, as the private market does not currently favor new bowling facilities development in the Bay Area. In the event that the Holiday Bowl does convert to other uses, patronage will likely shift to one of the four other bowling alleys located within ten miles of the Holiday Bowl (one in Castro Valley, one in San Leandro, and two in Fremont).

### ***Health Club/Gym***

There is currently one health club located near the Study Area, the Sports Centers facility located in the Fairway Park shopping center at Rousseau and Mission Boulevard. The Sports Centers facility does not have a swimming pool. Preliminarily it appears that the lack of a full-service health club in the Study Area may signal a future opportunity. Fitness centers have a range of location criteria, but are fairly flexible regarding co-tenancies as long as adequate levels of underserved residents are within a local trade area. In particular, health clubs like to locate near high density housing. As new households continue to move into the area, there will be market opportunities for a health club, particularly within proximity of higher density housing. Chain fitness centers (such as 24-Hour Fitness, Bally Total Fitness) typically require between 15,000 to 40,000 square feet of space depending upon the level of services and whether there is a swimming pool. Commercial health clubs also have fairly intensive parking needs, however parking is less critical to gyms in dense urban areas. Although fitness centers make excellent co-tenants for other types of retail since they are high activity generators, they typically pay relatively modest rents.

## ***Location Considerations for New Retail Development***

### ***Transit-Oriented Neighborhood Retail***

The presence of the BART Station creates opportunities for neighborhood retail. There are excellent market opportunities for new neighborhood-oriented retail to capture BART commuter spending, Mission Boulevard commuter traffic spending, and with better physical connections to surrounding neighborhoods, to draw greater levels of local shoppers. Retail located to optimize the connection to these three markets will achieve the broadest merchandising mix within the Study Area. Opportunities for new retail are greatest on the west side of the street which is the same side as the BART station: the flow of evening traffic is greatest on the west side of Mission, and development on the east side is limited by the topography of the hillside.

Based upon consumer demand for mixed use environments within proximity to transit, both nationally and within the Bay Area, there is potential for either vertical or mixed use development within walking distance of the BART station. The most marketable location for retail development will be near the BART station with ready access to Mission Boulevard so that retail space can achieve the broadest possible consumer support. The more detailed opportunity site analysis will suggest where there may be potential locations that could accommodate such retail development. The specifics of potential development site(s) will dictate whether retail should be within a vertical or horizontal mixed use program, and what mix of housing and retail would be most appropriate.

Although it serves as a neighborhood activity anchor for the Study Area, the BART station is visually disconnected from Mission Boulevard. Through quality design and layout, new retail near the BART station should reinforce and support BART as a community hub and connect the station with Mission Boulevard. These physical connections arising from quality design and layout, will in turn increase project revenues and property values.

### ***Community Retail***

A community retail center with a merchandise mix including both soft and hard goods (apparel, housewares, general merchandise) could potentially be supported in the Study Area. Community retail does not, however, have the same potential synergistic relationship with transit as neighborhood retail and should accordingly be considered for those locations outside the BART station vicinity. Community retail centers require at least 150,000 square feet. The most obvious potential locations for community retail are at the edges of the Study Area, at the Big Kmart site at Harder Road and Mission Boulevard, and at the Holiday House site at the intersection of Mission and Industrial Parkway. Development at these sites would, however, be subject to many contingencies such as the economic viability of current uses, and property owner willingness to sell.

### ***Next Steps***

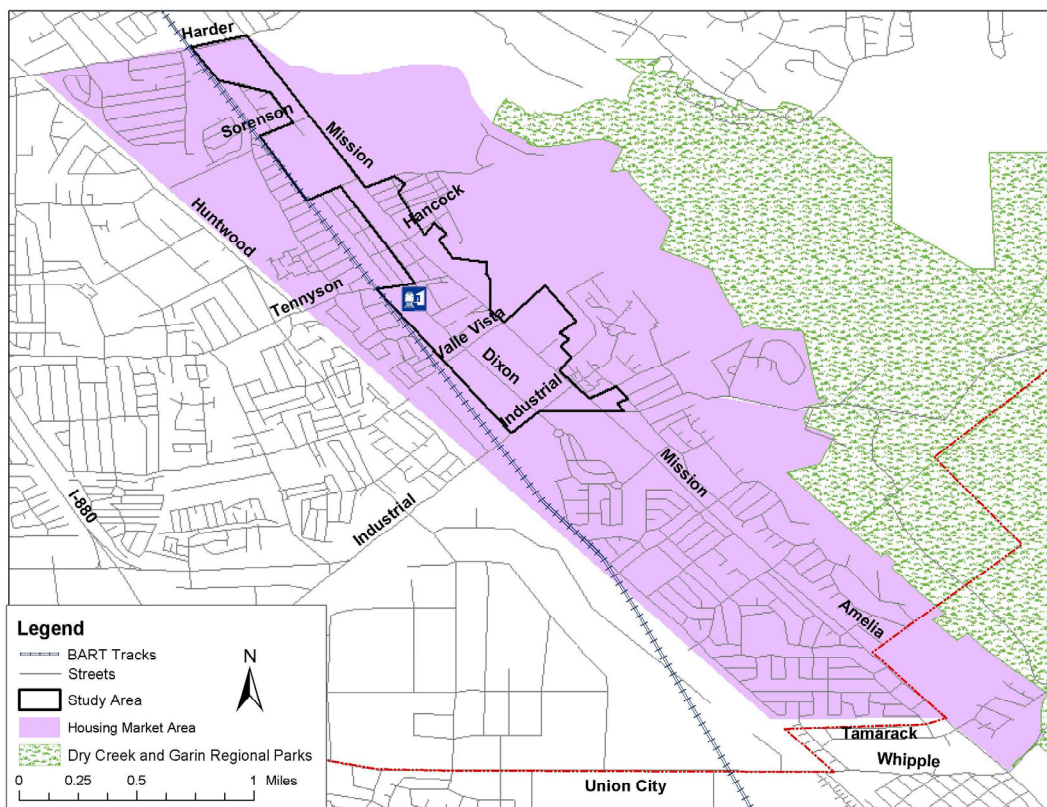
Throughout the concept development phase Strategic Economics will test the market for various retail tenants and physical formats that are appropriate for specific opportunity sites in the Study Area. These potential tenant types will include: 1) food and non-food retail serving the middle-income households that have increasingly populated the area 2) non-grocery, ethnically-oriented retailers and the newer formats in which they have been locating, and 3) grocery stores including traditional, specialty and ethnically-oriented.

## IV. RESIDENTIAL MARKET ASSESSMENT

This analysis describes the market potential for rental and ownership housing in the South Hayward BART/Mission Boulevard Housing Market Area (HMA), covering single family homes, condos, town homes, live/work units and apartments. For rental and for-sale housing the analysis uses three basic tasks: 1) describing recent housing sales activity in the general neighborhood that includes the Study Area (Housing Market Area), 2) profiling current and planned and proposed developments in the City, and 3) describing selected developments near other Bay Area BART Stations.

The Housing Market Area boundaries coincide with the Retail Primary Market Area, but serves a different purpose: while the Primary Market Area for retail defined the location where most residents live who would patronize new neighborhood retail in the Study Area, the Housing Market Area contains a small percentage of prospective area home buyers since new housing product would draw from the larger City and region. The Housing Market Area is instead used to characterize the market position of housing in the Study Area by examining recent area sales and rental activity.

Figure 3: South Hayward Bart/ Mission Boulevard Housing Market Area



Source: Strategic Economics, 2004

Recent price trends in the HMA are analyzed to better understand the potential for new residential development in the Study Area. An overview of currently selling and planned condo/townhome developments in Hayward is also provided. For additional context, two case studies of new for-sale housing located near other BART stations are provided. In the second section of this chapter, current apartment market conditions are described through a survey of apartment projects in the Study Area, a description of the newer apartment project near Downtown Hayward BART (Pinnacle at City Center), two rental case studies near BART stations, and a discussion of the greater Bay Area rental market context. By interpolating the for-sale and apartment unit performance information for the Housing Market Area, downtown Hayward, and other BART stations, the market potential for apartments, condos, townhomes, live/work, and single family homes is defined at the end of the chapter.

Land that is currently zoned for residential uses in the Study Area is primarily located southeast of the BART station, along Dixon Road. Most Study Area residential parcels in this area are zoned High Density, with a minimum lot area of 1,250 square feet per dwelling unit. Medium Density and Single Family residential zoning are also present in the Study Area. Under current zoning, a range of housing types, including single family homes, townhomes, condominiums, and apartments may be appropriate for the Study Area.

## FOR-SALE HOUSING MARKET

### Residential Sales Activity in the Housing Market Area

This analysis reviews home sale data, which includes both new homes and resales, from the California Association of Realtors, and County Assessor's data from First American Real Estate Solutions (FARES) to show pricing and price appreciation trends for the Housing Market Area. The Housing Market Area contains a wide range of housing products, from 1970s condos, to small older single family homes, to recently built large family homes. Accordingly, pricing too varies widely within the Housing Market Area.

The purpose of this home price analysis is two-fold: 1) to generally define the market position of housing in the South Hayward BART Station Market Area relative to greater Hayward and the County, and 2) to understand recent home sales prices to have a general idea of achievable pricing for new housing development in the Study Area. This analysis is augmented in the next section with profiles of currently selling condo/townhome development both inside and outside the Study Area.

Table 2: Single Family and Attached Median Sales Prices in the Housing Market Area, Hayward and Alameda County: 2000-2003

<b>SFR</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2001-2003</b>
Alameda County	\$363,800	\$394,000	\$435,000	\$464,950	28%
City of Hayward	\$280,000	\$326,500	\$360,000	\$395,000	41%
Market Area	\$305,000	\$349,082	\$369,000	\$399,000	31%

<b>Condo</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2001-2003</b>
Alameda County	\$242,000	\$281,500	\$299,000	\$315,000	30%
City of Hayward	\$205,000	\$245,000	\$263,000	\$288,000	40%
Market Area	\$140,500	\$210,000	\$185,000	\$225,000	60%

Sources: First American Real Estate Solutions; RAND; Strategic Economics, 2004.

Shown in Table 2 are median single family and condo/townhome prices from 2000 to 2003 from the California Association of Realtors for the Housing Market Area, Hayward and Alameda County. Since these data do not account for important unit characteristics such as size, vintage and condition, they are used as one general indicator of the Study Area's market position relative to the City and County. The median single family home price in the Housing Market Area exceeded Hayward's median single family home price slightly every year over the four-year period. On the other hand, the County median single family home price consistently exceeded that in both areas by a significant margin. As shown, from 2000 to 2003 single family home sales prices rose by 28 percent in Alameda County, by 41 percent in Hayward and by 31 percent in the HMA. From 2000 to 2003 the median condo/townhome sales price rose by 30 percent in Alameda County, by 40 percent in Hayward and by 60 percent in the HMA, indicating that 1)condo price appreciation was most robust for lower priced product such as that which exists in the HMA and 2) the market overall strengthened significantly.

### ***Current Single Family Home Values***

Table 3 shows single family and attached home sales in the HMA from 9/03 to 9/04. Single family homes overall sold for a median price of \$445,000 or \$319 per square foot in the HMA; 2-bedroom units sold for a median of \$354,000, 3-bedroom units sold for a median of \$430,000, and 4+-bedroom units sold for a median of \$550,000. Generally, the higher priced units were located in the Garin Avenue area on the hillside east of Mission Boulevard, and in the Twin Bridges development just west of Mission Boulevard and south of Industrial Parkway. However, since the Twin Bridges development sold out for the first time in 1999, very few of these units sold between 9/03 and 9/04, and therefore did not greatly impact the area median. Twin Bridges homes that did sell were in the \$650,000 to \$750,000 range for homes ranging from 2,500 to 3,500 square feet.

### ***Current Attached Home Values***

Shown in Table 3, there were far fewer condo/townhome unit sales in the South Hayward BART Market Area from 9/03 to 9/04 than single family home sales, due to the smaller supply of such units. A total of 67 attached units sold over the course of the 9/03 to 9/04 year. Most units that sold during the year were one-bedroom units (39), for a median sale price of \$213,500 or \$332 per square foot, and a median size of 686 square feet. Two-bedroom units that sold (19) had a median size of 952 square feet, and a median sales price of \$265,000 or \$294 per square foot. The nine three-bedroom condo/townhome units that sold during the year had a median size of 1,425 square feet and a sales price of \$342,000, or \$238 per square foot. The majority of units (36) were located in the Wyndham Terrace Condo project, described below. Thirty-one units were resale units, which are also described separately following the description of Wyndham Terrace.

### ***Wyndham Terrace Project***

Wyndham Terrace is a two-story condominium project at 260 Industrial Parkway near Dixon Street. The project consists of 48 one- and two-bedroom condos. Although the project was first constructed as condos in the early 1970s, the units were leased as apartments until they were upgraded and finally sold in late 2004. All 48 units sold between late June 2004 and November 2004, for an approximate average monthly absorption of 9 to 10 units per month. The first thirty-seven units that sold from 6/04 to 11/04 (which are included in the Assessors data) ranged from \$196,000 to \$247,000 for a 686-square foot one-bedroom condo, and \$240,000 to \$298,000 for a 952 square foot two-bedroom condo. Overall, prices ranged from \$252 to \$360 per square foot. Project amenities include a swimming pool, clubhouse, barbecue area, and sauna. Many units have golf course or hill views.

#### Attached Resales in the HMA

The 31 condo/townhome units that sold between 9/03 and 9/04 were constructed in the early to mid-1980s. Most of these resales are located near Dixon Street, and just east of Mission Boulevard near Industrial Parkway. Among these units, one-bedroom units (11) sold for \$185,000 to \$205,000 or \$309 to \$373 per square foot; two-bedroom units sold for \$230,000 to \$334,500 or \$233 to \$443 per square foot; three-bedroom units sold for \$256,000 to \$390,000 or \$178 to \$272 per square foot.

Table 3: Homes Sales in the Housing Market Area 9/03-9/04

Type	# Transactions	Median			Sale Price	
		Size	Sale Price	Price/ Sq.Ft.	Low	High
Single Family						
2BD	24	870	\$354,000	\$397	\$180,000	\$1,130,000
3BD	224	1,228	\$430,000	\$340	\$122,727	\$725,000
4+	104	2,117	\$550,000	\$272	\$161,000	\$850,000
All	352	1,392	\$445,000	\$319	\$122,727	\$850,000
Condos/Town Homes						
1BD	39	686	\$213,500	\$332	\$185,000	\$247,000
2BD	19	952	\$265,000	\$294	\$230,000	\$334,500
3BD	9	1,425	\$342,000	\$238	\$256,000	\$390,000
4+	0	0	\$0	\$0	\$0	\$0
All	67	686	\$231,000	\$316	\$185,000	\$390,000

Sources: First American Real Estate Solutions; RAND; Strategic Economics, 2004.

#### Price Appreciation from 9/99-9/01 to 9/02-9/04

Table 4 shows median condo/townhome and single family sales prices by unit type in the Housing Market Area from 9/99-9/01 to 9/02-9/04. These periods were used to obtain a meaningful sample size, while the intervening months (10/01 to 8/02) are excluded in order to demonstrate the significance of the price increases.

Table 4: Housing Market Area Sales Price Appreciation: 9/99-9/01 to 9/02-9/04

Type	# Transactions		9/99-9/01		9/02-9/04		% Change- Price/ Sq. Ft.
	9/99-9/01	9/02-9/04	Median				
			Price	Price/ Sq.Ft.	Price	Price/ Sq.Ft.	
Single Family							
2BD	21	39	\$247,500	\$277	\$349,000	\$378	36%
3BD	277	394	\$291,000	\$236	\$399,500	\$320	36%
4+	198	175	\$456,000	\$194	\$550,000	\$262	35%
All	496	608	\$329,000	NA	\$420,000	NA	NA
Condos/Town Homes							
1BD	15	49	\$135,000	\$236	\$200,000	\$323	37%
2BD	11	27	\$210,000	\$270	\$247,500	\$307	14%
3BD	5	11	\$281,500	\$196	\$335,000	\$235	20%
All	31	87	\$195,000	NA	\$225,000	NA	NA

Sources: First American Real Estate Solutions; RAND; Strategic Economics, 2004.

#### Single Family Home Price Appreciation

The median single family unit price in the Housing Market Area increased by a little more than a third for all unit types. The median sales price for a two-bedroom unit rose from \$277 to \$378; the median sales price for a three-bedroom unit increased from \$236 to \$320; and the median

sales price for a four-bedroom unit increased from \$194 to \$262. Median single family home prices, on average, appreciated more quickly than attached unit prices. Single family home price appreciation is particularly impressive in light of the fact that the luxury homes at Twin Bridges were first sold in 1999, the earlier time period, while very few Twin Bridges units resold during the latter time period.

#### *Attached Home Price Appreciation*

The median condo/townhome unit price in the Housing Market Area increased by 37 percent for one-bedroom units, from \$236 to \$323 per square foot. For two-bedroom units, the median price increased by 14 percent from \$270 to \$307 per square foot. The three bedroom unit median price increased by 20 percent, from \$196 to \$235 per square foot. Most of the condos/townhomes are located in the area southeast of the BART station, in the area bounded by Mission Boulevard, Tennyson Road, the BART tracks, and Industrial Parkway.

### **Housing Market Area Summary**

In keeping with the strong regional housing market, both single family and attached homes in the HMA have shown impressive sales performance since 1999. Single family home sales prices in the HMA have slightly exceeded Hayward prices over the last several years, demonstrating the marketability of single family homes in the Study Area. The condo/townhome units that sold in the HMA were either 1980s construction or located within the Wyndham Terrace project; the a renovated 1973 condo project located on Industrial Parkway near Dixon Street. Since market demand for condos from the 1970s/80s eras is generally weak relative to other residential products, prices were lower in the Housing Market Area than in Hayward and the County where a broader range of unit types and new construction exists. Notwithstanding, median prices for condo/townhome units in the Market Area are \$235 per square foot for larger three-bedroom units, and \$323 per square foot for one-bedroom units.

### **Currently Selling & Recently Built For-Sale Attached Housing in Downtown Hayward**

Most of the condo/townhome construction that has occurred since the late 1990s in Hayward is located in the downtown. While the downtown and the Study Area share the presence of a BART Station, the two areas have very different characters and development patterns. Downtown Hayward has many of the qualities of a traditional downtown, such as a walkable commercial area, and daily shopping needs such as groceries (Albertson's) within reach of new residential development. The Study Area, both surrounding the South Hayward BART Station and Mission Boulevard, has a more suburban, auto-dependent development pattern. As such, residential product types that are suitable for the Downtown may or may not be applicable to the Study Area.

Currently selling and recently built condos, lofts and townhome projects in Hayward (downtown) are shown in Table 5 on the following page. Current prices for townhome and loft units in the downtown are in the half million dollar price range. There are three projects that are currently under construction: Studio Walk, Renaissance Walk and Grand Terrace. Atherton Place and City Walk townhome projects were completed in 1997 and 2003, respectively, and are also shown in the table for reference.

#### ***Studio Walk***

The seventy loft units in Studio Walk include only two floor plans which are flexible in terms of numbers of bedrooms. Units are 1,595 square feet and 1,700 square feet, and sell from \$297 to \$345 per square foot. Each has a two-car garage. The 70 units sold from September 2003 to November 2004, for an average absorption rate of 5 units per month. Common area amenities include, a greenbelt, and picnic area.



***Renaissance Walk***

Renaissance Walk is by the Olson Company and consists of 46 townhomes and flats: 24 market rate three-bedroom units, and 22 below market rate two-bedroom units. Market rate three bedroom/ two and a half bath units are selling for between \$347 and \$351 per square foot. Twenty market rate units have two-car tandem garages, and four have side-by-side garages. There are no shared amenities in the project. The first sales release including market rate units occurred in October 2004. Because sales releases for Renaissance Walk have been very small and not necessarily pinned to market demand, absorption rates are not provided for the project.

***Grand Terrace***

Grand Terrace includes 235 two and three-bedroom townhomes with two-car garages, selling for between \$380 and \$434 per square foot. These units have been absorbing on average at a rate of 8 per month since sales opened in November 2002. Common area amenities include four parks, a picnic area and barbeque area. Units in Grand Terrace are popular with young couples and singles.

Table 5: Currently Selling and Recently Built For-Sale Attached Projects in Hayward, 11/04

Project Name	Street Address	Developer	Type	# Units	Floor Plans	Res. Sq. Ft.	Sales Price	Price/Sq Ft	Amenities	Parking	Resident Dem	Status	Absorption/ Mo. (11/04)	Descrip.
<b>Studio Walk</b>	Paseo Place,	Ryland Homes	Live/work Lofts and Condos	70 loft units/ 35 du/acre	Loft-style 2-3/3	1,595	\$550,000	\$345	greenbelt, picnic area, laundry	each have 2 car garage	Young professionals and families	Sales began 9/03, closed 11/04; Construction complete 3/05	5	Half high-ceiling condos; Half lofts; None used for work space.
					High-ceiling Condos 1-3/2	1,700	\$505,000	\$297						
<b>Renaissance Walk (half BMR)</b>	Atherton Place and C Street	Olson Co.	T. Homes	46 units/ 27.5 du/acre	2/2 BMR	1,357	\$275,000	\$203	None	1 and 2 Bay Tandem Garages	NA	Currently Selling/underConstruction	NA	24 Market Rate/ 22 Affordable
					2/2 BMR	1,159	\$265,000	\$229						
					3/2.5	1,511	\$529,990	\$351						
					3/2.5	1,454	\$504,990	\$347						
<b>Grand Terrace</b>	625 Arcadia Drive	Pulte Homes	T. Homes	235 units/ 22.85 du/acre	2Bd	1,150	\$499,000	\$434	4 parks, picnic, bbq	2 car garage	young newlyweds, singles	Sales opened Nov. 2002; 200 units sold 11/02 to 11/04.	8	town homes
					3Bd	1,350	\$513,000	\$380						
<b>Atherton Place Townhomes</b>	C, D and Atherton Streets	Sares-Regis Group/ Hayward Redevt.	T. Homes	83 townhomes/ 30 du/acre	2 Bd	1095	NA	NA	gated, pool, play area	2Car Tandem	NA	Built in 1997	NA	closed out
					3Bd	1325								
<b>City Walk</b>	C street and Watkins Street	Hayward Redevt./ Olson Co	T. Homes	77 units/28.52 du/acre	3 Bd	1,350-1,650 sq ft	Avg. \$344,000	NA	NA	Each Unit 2 car garage	NA	Completed in 2003; open date Nov 2001	NA	N/A closed out January 2003

Source: Strategic Economics, Project Sales Representatives, City of Hayward, 2004.

### ***Demographics of New Downtown Hayward Households***

According to the 'Downtown Hayward BART Station Housing Survey' that queried a sample of residents of Atherton Place, Grand Terrace, City Walk and Pinnacle City Centre (rental) regarding their housing choices and household characteristics, one third of residents ranked proximity to BART among the top two factors in choosing to live downtown. One third also ranked housing value as one of the top two factors. Twenty-three percent of respondents had children under 18 in the household and over half of these had children under age five. In response to survey questions regarding the age of household members, 73 percent of household members fall within the age 25 to 44 age cohort.

### **Summary of Downtown Hayward Condo/Townhome Market Performance**

New residential development in downtown Hayward consists primarily of mid-size townhomes, and one condo/loft project. On a per square foot basis, lofts and condos are priced lower than townhomes. Market rate townhomes currently range from \$499,000 for a two-bedroom unit at Grand Terrace, to \$530,000 for a three-bedroom unit at Renaissance Walk. Live/work lofts are currently selling for \$550,000; and condo-style lofts (high ceilings) are commanding \$505,000. Steady absorption and prices in the half-million dollar range demonstrate the popularity of downtown Hayward as a location. Housing survey results indicate a large share of young households in the 25 to 44 age range, many of whom place a premium on living near BART.

### **Planned and Proposed Condo/Townhome Development in Hayward**

This section profiles condo/townhome projects that are currently under construction or in the pipeline in Hayward. These projects are shown in Table 6 on the following page. There are currently 332 units in the pipeline and an additional six units approved. All but two projects, Samah Townhomes and Berry Condos, are located in other parts of Hayward, primarily in the Eden Shores area near the Bay or closer to Interstate 880 than to Mission Boulevard.

Samah Townhomes is a seven-unit project located directly across Tennyson from BART between East 12<sup>th</sup> and East 13<sup>th</sup> Streets. The project is currently under construction and will consist of seven 3-bedroom townhomes measuring 1,700 square feet, each with a two-car garage. The owner plans to price the units at \$540,000 to \$550,000, or \$320 per square foot.

The Berry Condominiums are a proposed project located slightly north of the Study Area, one block west of Mission Boulevard on Berry Avenue. The Berry project consists of 19 three-bedroom condos of approximately 1,500 square feet, each with a two-car garage. According to the developer, pricing will range from \$300,000 to \$350,000, or roughly \$200 to \$233 per square foot. These prices are substantially lower than newer condo development commands in downtown Hayward and less than the prices for the Wyndham Terrace condos, indicating that projected pricing may fall short of the project's market potential.

Six mixed use condo units over retail have been approved on Mission Boulevard just south of downtown.

Table 6: Planned and Proposed Attached For-Sale Housing in Hayward, 11/04

Project Name	Location	Developer	# Units	# Bedrooms	Residential Sq. Ft.	Pricing	Amenities	Parking	Status	Est. Time-line
<b>Samah Town Homes</b>	Across Tennyson from S Hayward BART, between E. 12th & E. 13th	Samah Construction	7 th	3	1,700	\$540,000- \$550,000	landscaped areas	2 car garages	Under Construction	Expected completion Spring '05
NA	25599 Huntwood Ave	Joe Bradford, The Olson Co.	60 condo/th	NA	NA	NA	NA	NA	Processing Application	NA
NA	24311, 234331, 24321 Mission Blvd	Dave Ruffin, Ruffin Architecture	6 condos over restaurant	NA	NA	NA	NA	NA	Approved	NA
<b>Eden Shores East</b>	Eden Shores Blvd and Marina Drive	Joseph Fanelli, Hayward Oliver Owens	139 SF, 122 th	sf: 3-4 Bd th: 2-3Bd	1,678-2,177	\$500,000- 600,000	open space	SF: 2 car garage townhomes:2 car garages, 40 units: 1 car garage+open space	Processing Application	Hope to have tentative map March '05
					1,508-1,848	\$450,000				
<b>Berry Condos</b>	671 Berry Ave	Peter Jacobson	19 condos	3Bd	1,500	\$300,000- \$350,000	open space	2 car garages	Processing Application	Begin construction Aug. '05, finish mid-'06
NA	22600,22700,22885 Amador St	Braddock & Logan	99 attached units: 75 th, 24 duets, 6 sf	NA	NA	NA	NA	NA	Processing Application	NA
NA	North Garin betw Iarabee and Clearbrook Circle	Gil Zaballos, Oak Hill Enterprises	32 th, 3 sf	NA	NA	NA	NA	NA	Processing Application	NA

Source: Strategic Economics, City of Hayward, individual project representatives, 2004.

## **Two Case Studies of New For-Sale Residential Development Near BART Stations**

The presence of the South Hayward BART Station creates opportunities for development that complements transit. As described in the previous chapter, approximately one third of the 163 downtown Hayward new home buyers that were surveyed for the ‘Downtown Hayward BART Station Housing Survey’ cited the presence of the BART as a deciding factor in their purchase decision. This section describes some of the characteristics of other new development within close proximity of BART stations (transit-oriented development) through descriptions of Oceanview Village in San Francisco, and MetroWalk in Richmond. (Also shown in Table 7 is Legacy Park Central apartments, which is described in the subsequent chapter on the apartment market.) Case studies of new and planned residential development located near BART stations help to understand 1) the market opportunity afforded by a BART station and 2) some of the characteristics of transit-oriented development in other locations that may be relevant to new development within proximity of the South Hayward BART. While neither case study is an exact analogue to potential development near South Hayward BART, both help demonstrate the marketability of new mixed use transit-oriented development in neighborhoods with no previous examples.

### ***Oceanview Village Condos, San Francisco***

Oceanview Village is a mixed use development in southwest San Francisco, two blocks north of the Daly City BART Station. Daly City BART is the first BART station outside of the City of San Francisco heading south on the peninsula, while OceanView Village is just inside San Francisco city limits. The project lies within a predominantly single family neighborhood. Though mapped for condominiums, OceanView first opened as a rental project in June of 2002, with 370 housing units. Beginning in June of 2003, as the rental market slowed down, the project began a phased conversion to for-sale condominiums.

The project also includes 90,000 square feet of retail, including an Albertson’s, Rite-Aid, Starbucks and Bally Fitness (for complete list, see Table 7), a fairly typical mix for a neighborhood shopping center. The entire project consists of five four-story buildings, with retail on the first floor and housing units above. The buildings range around a large surface parking lot, which provides parking for the stores. The vastness of this parking lot inhibits the pedestrian orientation of the project, despite the low residential parking ratio: the residential units each have just one parking space underneath each building. Beyond the shopping center, there are few services in the area. Residents complain about the lack of restaurants.

The condominiums are sold with one parking space each. This low parking ratio has not dampened demand for the condominium units. The project had very strong sales, which sales agents attributed to the lowest asking price for new condominiums in San Francisco. The project also offered a lease-to-own program, allowing half of rent towards purchase, up to three percent of the price. However, sales agents say that few renters took advantage of the program, as renters and buyers are fundamentally different.

The value of a San Francisco address is considerably greater than that of the South Hayward BART area, however the suburban contexts that surround the stations are quite comparable.

### ***MetroWalk Townhomes, Richmond***

MetroWalk is part of a new transit-oriented mixed-use development surrounding the Richmond BART station. The project consists of 132 three-story townhomes, 20,000 square feet of retail

and a 30,000 square foot cultural center. The housing units create a pedestrian promenade to the BART station with retail spaces located at the corners of the promenade at the street.

Half of the townhomes, including all those along the promenade, are “career homes” that have bonus rooms on the first floor that can be used as storefronts. The career homes are out-selling the other units. Sales agents report that most of the buyers of these live/work townhomes have business plans and intend to use the spaces for retail or office space. While this may work well initially to attract buyers, it is questionable how well the retail will work along the promenade if the individual retail business owners are not part of an overall tenancing strategy. The ground floor storefront space will be intermittently office, private home space and retail interspersed.

At roughly 1,400 to 1,600 square feet, the townhomes are large, family units. While the units are well-integrated with the BART station, they also have two-car attached garages. The housing is also protected from the BART tracks by a 14-foot high sound wall that is sufficiently effective to eliminate any need for price differentiation based on proximity to the tracks.

The main attraction with this project is the size of the units and amount of parking for a reasonable price. This compensates for the neighborhood’s negative reputation and lack of vitality. Given the amount of risk involved, the residential component was divided into ten phases of ten to fifteen units each. The project recently sold out.

Table 7: Mixed Use and Residential Projects Near BART Stations, 11/04

Project	Location	Developer	Total Units	Open Date	Absorp/ Mo.	Unit Type	# Units	Sq Ft	Rent	Sales	Rent/ Sq Ft	Sales/ Sq Ft	Amenities	Parking	Resident Demographics	Commercial Component	Comments
Metro Walk	MacDonald Ave. and Marina Way	The Olson Company	132 units	Jun-03	12-20	Villas - 38d/38th Career Homes - 38d/38th Bungalows - 28d/2.58th	31 69 32	1,550 - 1,615 1,395 - 1,432 1,439 - 1,456	<\$375,000 >\$265,000 <\$350,000			<\$232 >\$190 <\$240	Park, playground, BBQ, plaza, Full bath with each bedroom. Also, microwave, dishwasher many custom options.	2 attached tucked under side by side & random	Mixture of couples, families, largely first-time homebuyers.	20,000 SF storefront retail and 30,000 SF cultural center.	Townhouses are being sold in (1) 1.5 unit increments (10 phases) Over half of the units are "career homes," with ground floor office /retail space. These units are selling best.
Legacy Park Central	1555 Galindo Street Concord, CA	Legacy Partners, Concord	259 epts. & 11 homes	Aug-03	Phase I: 16.8/mo. Phase II: NA 95% Occupancy	1 Bd 1 Bd 2 Bd 28a 2 Bd 28a 2 Bd 2.58a 3 Bd 28a	140 1-Bd 748 1,102 1,112 1,126 1,448 1,480	610 748 1,102 1,112 1,126 1,448 1,480	\$1,197 \$1,297 \$1,297 \$1,347 \$1,347 \$1,717 \$1,677 \$1,817 \$1,697 \$1,817 \$1,847 \$1,997 \$2,097 \$2,297		\$1.96 \$2.13 \$1.73 \$1.40 \$1.40 \$1.56 \$1.51 \$1.63 \$1.51 \$1.61 \$1.28 \$1.38 \$1.42 \$1.55		Units: washer/dryer, hardwood floor entry, gourmet kitchen, microwave, 5/4r ceiling, walkin closets, oval soaking tub, a/c, balcony w/ extra storage,highspeed internet wiring. Garages located next to each bldg parking at apartment level, Olympic lap pool, spa, clubhouse, fitness center, media center	Garage parking at unit level	N/A	None	Some units are below market rent, but others surpass market rent. Project 75 % occupied
Oceanview Village	3995 Alamy Blvd San Francisco, CA	Emerald Fund	370	Rental - Jun-02	1st phase 80 units, Convert to condo - months 2nd phase Jun-03 10% price increase 30+/month	Junior 1 Bd Classic 1 Bd Premium 1 Bd 28d/28th 28d/28th 38d/18th	10 82 22 60 26 4	555 730 800 1,020 1,080 1,210 1,210				NA, Sold Out	Project features courtyards, fountains and trellised gardens. Apartments have washer and dryer, microwave, garbage disposal.	1 space/unit, originally rented at \$35/space, intense demand price raised to \$125/space. Now 1 space sold w/ unit.	1st-time home buyers, professionals working in San Francisco, couples	90000 SF of retail, built into first floor of condominium buildings around large surface parking lot. Retail includes Albertson's, With softening of retail, conversion to sale. Also, Fire Aid, Starbucks, Bally Finers, Hollywood Video, consists of credit for half of rent up to 3% of purchase price. Helps to build credit, assist with closing costs, but not too successful, as buyers and renters fundamentally different	Originally condominiums but rented out due to strength of rental market. With softening of retail, conversion to sale. Also, lease-down program consists of credit for half of rent up to 3% of purchase price. Helps to build credit, assist with closing costs, but not too successful, as buyers and renters fundamentally different

Source: Strategic Economics, 2004.

## **RENTAL HOUSING MARKET**

Since 2001, the Bay Area rental market has been characterized by declining rents and increasing vacancy rates, particularly at the higher end of the market. A major factor contributing to the downward trend of the rental market is historically low interest rates which have prompted a large share of apartments residents to move into home ownership. In mid-2004 apartment occupancy levels began to stabilize, with different sources variously reporting either a slow in the decline in rents, or a leveling and stabilization of rents. Although the apartment market already reached its lowest point, 'for rent' signs are still common throughout the Bay Area. Given these regional market conditions, the apartments in South Hayward are performing fairly well..

Prevailing Bay Area market conditions do not generally favor new apartment development. However, as demonstrated by the success of Legacy Park Central apartments and townhomes near the downtown Concord BART station, there appears to be a greater demand for apartments near transit if they form part of a dynamic mixed use environment. Legacy Park Central is a highly amenitized luxury project near downtown Concord employment and entertainment. The project currently has an overall 95% occupancy rate and rents ranging from \$1.28 to \$2.13 per square foot. In addition, Avalon Communities is planning a six-acre apartment community adjacent to Union City BART and adjacent to a master mixed use development on a 30-acre BART.

### **Study Area Apartment Market**

Table 8 shows apartment projects in the Study Area and two new downtown apartment projects, Pinnacle at City Centre and Amador Village, which are described in the next section. Most Study Area apartment complexes were built in the 1960s and 1970s. The newest complex in the area is Barrington Hills Apartments, built in 1987 and located along Tennyson on the block between Mission Boulevard and the BART Station. Rents at Barrington Hills range from \$1,040 for a one-bedroom to \$1,295 for a two-bedroom unit. The 188 apartments are currently 98 percent occupied, following sizeable rent reductions, according to the management. Barrington Hills currently has the highest rents of the large complexes in the Study Area. All other apartment complexes in the Study Area have also lowered rents to maintain current vacancy rates, which range from two to five percent among the seven apartment projects surveyed. These low vacancy rates attest to a healthy area market.

Most complexes in the Study Area have pools and other common area amenities such as spas or outdoor areas. Anecdotally, management from most complexes asserts that many households are families with children. According to management representatives interviewed, between 20 and 30 percent of households use BART regularly or to commute. This estimate is roughly consistent with the results of 'Downtown Hayward BART Station Housing Survey' for which 31 percent of adults stated using BART regularly.

### **Performance of New Apartment Product in Hayward**

Two recently built apartment projects, Amador Village (155 units), and Pinnacle City Centre (192 units) are shown in Table 8. Amador Village currently has a 6 percent vacancy rate, with rents ranging from \$1,120 for a large one-bedroom to \$1,565 for a large two-bedroom. Pinnacle City Centre, with a two percent vacancy rate, currently has rents ranging from \$1,050 for a studio to \$1,900 for a three-bedroom unit. Management at Pinnacle City Centre states that parking is not adequate at one space per unit, and that many residents use the BART parking lot. Pinnacle City Centre also leases furnished corporate apartments. While there are no statistics available, anecdotally there is also a significant presence of Cal State East Bay students residing at Pinnacle City Centre.



Pinnacle City Centre is performing better than Amador Village in terms of vacancy and current rents. However, both projects are performing well, indicating a healthy market demand for new, higher end apartments near Hayward BART.

### **Apartment Developments Near BART Stations**

Following is a description of a recently completed luxury apartment project, Legacy Park Central in downtown Concord, and a planned (not yet approved) apartment development adjacent to Union City BART Station. The specifics of the Legacy Park Central development are shown in Table 7. These examples help to illustrate the level of developer interest in building apartments near BART stations within a larger mixed use context, and thus serve as one indicator of the strength of this product type.

#### ***Legacy Park Central Apartments, Concord***

Legacy Park Central (Table 7, page 22) is located in Downtown Concord, two blocks from the Concord BART Station. The 259-unit project, which began leasing in August 2003, is now 95 percent occupied. Rents range from \$1,197 for a one-bedroom unit to \$2,297 for a 3-bedroom unit. The project includes an extensive list of amenities, including 9-foot ceilings, washer/dryer, oval soaking tub, Olympic lap pool, clubhouse, fitness center, media center and others. The leasing agent states that while some rents are below targeted rents, other units are exceeding expectations. While there are no exact figures, the management also estimates that more than half the residents use BART to commute. On the whole, the project is performing very well at 95 percent occupancy. The project is part of the Concord Redevelopment Agency's mixed use strategy for the greater downtown, which includes the historic Todos Santos Plaza.

#### ***Avalon Project, Union City BART Station (potential)***

Avalon Communities, a national apartment developer and operator, owns a six-acre vacant parcel adjacent to the Union City BART Station at 14 through 44 Union Square. Zoning for the site allows for up to 120 units per acre. The developer plans to submit an application to the City for the development of a roughly 400 to 450-unit apartment complex by early Spring 2005. Preliminary plans include roughly half the units as studios and one-bedroom units, and the other half composed of two- and three-bedroom units, with some townhome style units. Also at the Union City BART Station, TMG was selected by BART in late 2004 to develop its 30-acre parcel over a 15-year period with a mix of employment, residential and retail uses. As such, the Avalon project will be part of an extensive mixed use environment.

### **Apartment Market Summary**

Vacancy rates below five percent within the Study Area demonstrate the area's popularity with modest-income households. Anecdotally, many of these households are families who regularly use BART. The solid market performance of higher end, highly amenitized projects in other areas, such as Pinnacle City Centre in downtown Hayward and Legacy Park Central in Concord also suggests that the apartment market in areas near transit is healthier than the regional apartment market. However, integration of housing into the mix of uses in the Concord downtown area has been an important component of an overall mixed use strategy by the Concord Redevelopment Agency. Planned development adjacent to the Union City BART Station is also part of a larger planned mixed use community comprising employment, retail and residential uses. As in these other examples of new apartment development, the most marketable new apartment development in the Study Area will be part of a larger, integrated mix of uses within a neighborhood environment.

Table 8: Apartment Projects Located in the Concept Plan Study Area and Vicinity, 11/04

Project Name	Location	Street Address	# Units	Vacancy Rate	#BD	Sq. Ft.	Rent	Rent/ Sq Ft	Amenities	Parking	Resident Demographics	Notes	Description	Year Built	BART
STUDY AREA PROPERTIES															
Barrington Hills Apartments	Across Dixon St. from BART	656 Tennyson Rd. across from BART	188	2%	1	711	\$1,040	\$1.46	pool, spa, fitness center	1 space under covered structure per unit, adequate neighborhood parking	families	Rents reduced \$10-\$15 per day	apts.	1987	c. 25% commute on BART to work and school
					1	925	\$1,100	\$1.19							
					2	965	\$1,350	\$1.40							
					2	900	\$1,440	\$1.60							
					2	950	\$1,295	\$1.36							
Mission Heights Apartments	Mission Blvd. and Monticello St.	28500 Mission Blvd.	146	5%	1	720	\$925	\$1.28	2 pools, 2 saunas, rec room, gym	1 covered space provided, add'l uncovered spaces available free	families	NA	apts.	1968	close to BART, "helpful"
					2	1,002	\$1,195	\$1.19							
					2	1,015	\$1,195	\$1.18							
					3	1,278	\$1,500	\$1.17							
Dixon Townhouse Apartments	Near BART	29596 Dixon St.	62	3%	1	700	\$750	\$1.07	pool, bbq area, laundry	1 car garage, adequate street parking	families	Recent rent reductions, 4bd is manager's	rental townhouses except for 1 Bd	1964	c. 30% commute, located 2 blocks fr. BART
					2	1,100	\$900	\$0.82							
					3	1,100	\$1,300	\$1.18							
					4	NA	NA	NA							
Pine Crest	Mission Blvd. and Hancock St.	820 Hancock St.	100	0%	1	760	\$950	\$1.25	pool, gym, sauna, laundry	1 space under covered structure per unit, adequate neighborhood parking	Diverse, families, students because near Cal State	NA	apts.	1976	many use BART, important
					2	960	\$1,250	\$1.30							
					2	1,060	\$1,350	\$1.27							
					3	NA	\$1,500	NA							
Cypress Point	South edge of BART Parking	29009 Dixon Way	NA	NA	2	800	\$1,095	\$1.37	NA	NA	NA	NA	apts.	NA	NA
Dixon Landing Apartments	Near BART	29371 Dixon St.	45	0%	3	800	\$1,275	\$1.59	NA	covered parking	NA	NA	apts.	NA	NA
					2	800	\$1,100	\$1.38							
					3	800	\$1,150	\$1.44							
Mission Bay Condo Homes	Near BART	28955 Mission St.	52	2%	1	788	\$1,195	\$1.52	garage, fire place, modern kitchen, pool, spa, play area	private garage for 2 cars	Working families	Rents have decreased by \$100 in 2004	gated community apts.	1980	c. 20% BART commute, selling point
					2	1,065	\$1,395	\$1.31							
					2	1,255	\$1,595	\$1.27							
PROPERTIES OUTSIDE STUDY AREA															
Amador Village Apartments	North of Winton Ave	24080 Amador Village Court	155	6%	1	873	\$1,120	\$1.28	pool, spa, fitness center, clubhouse, business center	1 space under covered structure per unit, additional garage parking for extra cost	NA	29 units per acre	apts.	2000	*No one talks about BART*
					1	904	\$1,195	\$1.32							
					1	985	\$1,220	\$1.24							
					2	1,204	\$1,495	\$1.24							
					2	1,218	\$1,565	\$1.28							
Pinnacle City Center	Between Grand Street and BART	22800 Meridian Dr.	192	2%	0	458	\$1,050	\$2.29	pool, spa, fitness center, clubhouse, play area, business center	1 space per unit in either detached garage or parking structure, not adequate, park in BART spots	corporate housing (provide furnished apts 1-6 months)	30 units per acre	apts.	2000	private entrance to downtown BART, c. 45% commute, big selling point
					1	708	\$1,195	\$1.69							
					1	769	\$1,195	\$1.55							
					2	1,046	\$1,500	\$1.43							
					2	1,057	\$1,500	\$1.42							
					3	1,255	\$1,800	\$1.43							

Source: Strategic Economics, 2004.

## **FUTURE HOUSING DEMAND IN THE STUDY AREA**

While prices throughout the region may level with the anticipated rise in interest rates, the long-term prognosis for the Bay Area is that the ownership housing market will remain strong given its desirability as a place to live. Once the economy improves, the apartment rental market will also regain momentum. Worsening congestion with growth also continues to bolster the relative marketability of both rental and for-sale homes near BART stations. The strong market in the Study Area, combined with regional housing supply constraints, position the Study Area for capturing significant new housing development within a range of product types from apartments to single family homes, townhomes and stacked condos. Appropriately positioned new ownership housing with quality design in the Study Area could command prices in the range of 20 to 25 percent higher than current HMA prices. Quality rental product would likely achieve rents roughly 40 percent higher than current area prevailing rents, once the rental market stabilizes.

### **Rental Housing**

Development of rental housing is not likely in the near-term, in the Study Area nor in most parts of the Bay Area. However, as the regional economy improves, and as interest rates rise and fewer entry-level households are able to purchase homes, the rental market will stabilize and then improve significantly. Apartments convenient to transit have an advantage over non-transit locations. While new apartment may not prove feasible in the near-term, any planning effort should be predicated upon the likelihood that they will be a viable use when the economy improves.

### **Attached For-Sale Housing**

There is strong near and long-term market demand for for-sale attached housing within the Study Area. While a rise in interest rates will likely cause prices to flatten, for-sale housing will remain marketable in the Study Area, particularly if its design fosters a more physically coherent and interconnected neighborhood. Depending upon the location, a range of product types may be considered, including condos, townhomes and lofts. Lofts appear to be the least appropriate product for this location from a market standpoint, however they may be suitable for certain parts of the Study Area where condos or townhomes are less marketable given the traffic levels on Mission Boulevard.

Near the BART station, where the higher density apartment housing currently exists, is the best location for maximizing density through stacked development (condos, lofts) or a mixture of stacked development and townhomes. In areas where predominantly single family and small apartments currently exist, townhomes will likely be more appropriate. Also important will be to scale density according to adjacent uses, and to gradate development from higher density to lower density product.

### ***Transit Oriented Development near the South Hayward BART Station***

Attached housing development in the Downtown is currently bringing new households into the area at a rate of over 200 households per year. With a projected population growth of over 16,000 residents city-wide between 2000 and 2015, the South Hayward BART Station area could also capture a sizeable share of City population growth with the development of appropriately positioned housing. The real estate value added by the BART station will be maximized with the development of quality, higher density housing, and BART, in turn, will benefit from increased ridership.

There is excellent potential for a variety of housing types in the Study Area and near BART. Nationally, profiles of households living near transit show that small households without children are the largest target market for TOD, specifically singles, couples and empty nesters. New transit-oriented housing in downtown Hayward, however, has attracted more families with children than is typical of TOD in more urban places. The Study Area's popularity with families and the presence of six public and private schools nearby also have implications for the types of households that will continue to choose South Hayward in the future. Families with children therefore present a strong target market for new housing. Accordingly, new rental and for-sale attached housing should target small households and families with children. . The greatest appeal to young singles, couples and empty nesters will be achieved through the provision of convenient retail and services within an integrated mixed use environment. Families with children may prioritize the provision of play areas within a project. The diversity of household types will be best served with a range of unit types, sizes and amenities.

# Appendix 1 : Population and Household Trends for Primary Market Area, Hayward, Alameda County: 1990, 2000, 2004

	Primary Market Area(a)			Hayward			Alameda County		Change 1990-2000						Change 2000-2004			
	2004(est.)		2000	1990	2000	2004(est.)	1990	2000	PMA (a)		Hayward		Alameda Co.		PMA (a)		Hayward	
	1990	2000							#	%	#	%	#	%	#	%	#	%
Population																		
Total Population	17,401	23,610	24,074	111,498	140,030	144,600	1,279,182	1,443,741	6,209	36%	28,532	26%	164,559	13%	464	2%	4,570	3%
Population in Households	17,401	23,555	NA	110,141	138,673	NA	1,242,068	1,416,006	6,154	35%	28,532	26%	173,938	14%	NA	NA	NA	NA
Households(b)	6,215	7,703	7,853	40,117	44,804	45,894	479,518	523,366	1,488	24%	4,687	12%	43,848	9%	150	2%	1,090	2%
Families(b)	4,614	5,663	NA	27,611	31,931	NA	308,866	339,096	1,049	23%	4,320	16%	30,230	10%	NA	NA	NA	NA
% Families	74%	74%	NA	69%	71%	NA	64%	65%										
Avg. Household Size	2.80	3.06	NA	2.75	3.10	NA	2.59	2.71	0.26	9%	0.35	13%	0.12	4%	NA	NA	NA	NA
Avg. Household Income(c)	\$60,373	\$65,809	NA	\$56,135	\$60,623	NA	\$62,815	\$72,687	\$5,436	12%	\$19,472	47%	9,872	16%	NA	NA	NA	NA
Housing Units																		
Total Housing Units	6,469	7,703	7,853	42,216	45,922	47,012	504,109	540,183	1,234	19%	3,706	9%	36,074	7%	150	2%	1,090	2%
Occupied Housing Units	6,271	7,703	7,853	40,117	44,804	45,894	479,518	523,366	1,432	23%	4,687	12%	43,848	9%	150	2%	1,090	2%
% Occupied Housing Units	97%	98%	98%	95%	98%	98%	95%	97%										
Owner-Occupied Units	59%	59%	NA	52%	53%	NA	53%	55%										
Renter-Occupied Units	41%	41%	NA	48%	47%	NA	47%	45%										

Notes:

(a) Census Tract 4351.01 Block Groups 2,4,5; Census Tract 4378 Block Groups 1,2; Census Tract 4380; Census Tract 4381; Census Tract 4382.02 Block Group 3

(b) A household is any person(s) living in a single housing unit; a family is defined as relatives living in a single housing unit.

(c) Income shown in 2000 \$U.S.

(d) PMA Study Area population increase calculated by multiplying 2000 household size (3.09) by +150 housing unit change 2000-2003 estimate from City of Hayward Building Division.

(e) Hayward population estimate from CA Dept. of Finance for January, 2004. Households estimate from City of Hayward Building Division Change in Housing Units 2000-2003.

Sources: US Census; City of Hayward Building Division; CA Dept. of Finance; Strategic Economics, 2004.

Appendix 2: Age Distribution Trends in Primary Market Area: Hayward, Alameda County: 1990, 2000

	2000						
	Primary Market Area(a)			Hayward		Alameda County	
	#	%		#	%	#	%
0-5 years	2,122	9%		13,286	9%	119,124	8%
6-17 years	4,193	18%		24,213	17%	235,448	16%
18-24 years	2,360	10%		15,215	11%	138,416	10%
25-34 years	4,125	17%		24,552	18%	241,073	17%
35-44 years	4,040	17%		22,179	16%	248,706	17%
45-54 years	2,834	12%		16,652	12%	200,518	14%
55-64 years	1,620	7%		9,706	7%	112,865	8%
65 years +	2,316	10%		14,227	10%	147,591	10%
TOTAL	23,610	100%		140,030	100%	1,443,741	100%

	Change 1990-2000					
	Primary Market Area (a)		Hayward		Alameda County	
	#	%	#	%	#	%
0-5 years	420	25%	2,544	24%	4,683	4%
6-17 years	1,524	57%	7,256	43%	46,484	25%
18-24 years	689	41%	2,609	21%	-4,992	-3%
25-34 years	606	17%	1,636	7%	-10,217	-4%
35-44 years	1,306	48%	5,291	31%	29,305	13%
45-54 years	1,169	70%	6,319	61%	69,014	52%
55-64 years	58	4%	560	6%	18,471	20%
65 years +	437	23%	2,317	19%	11,811	9%
TOTAL	6,209	NA	28,532	NA	164,559	NA

Notes:

(a) Census Tract 4351.01 Block Groups 2,4,5; Census Tract 4378; Census Tract 4379;

Census Tract 4380; Census Tract 4381; Census Tract 4382.02 Block Group 3

Sources: US Census; Strategic Economics, 2004.

Appendix 3: Educational Attainment of Persons 25 and Over: Primary Market Area, Hayward, Alameda County, 1990 & 2000

	1990				2000				Change 1990-2000							
	Primary Market Area(a)		Hayward		Alameda County		Hayward		Primary Market Area(a)		Hayward		Alameda County			
No GED/ HS Diploma	2,387	24%	17,054	24%		155,606	19%		21,852	25%		1,050	31%		12,675	8%
High School Graduate	3,435	26%	20,514	29%		190,822	23%		22,687	26%		298	8%		2,173	-5%
Some College/ AA Degree	3,410	30%	22,044	31%		250,389	30%		25,811	29%		864	20%		3,767	8%
Bachelor's Degree	1,562	14%	8,914	12%		150,062	18%		12,675	14%		457	23%		3,761	35%
Master's Degree or Higher	594	7%	3,291	5%		91,425	11%		4,767	5%		381	39%		1,476	43%
TOTAL(b)	11,388	100%	71,817	100%		838,304	100%		87,792	100%		3,050	NA		15,975	NA

(a) Census Tract 4351.01 Block Groups 2,4,5; Census Tract 4378; Census Tract 4379; Census Tract 4380; Census Tract 4381; Census Tract 4382.02 Block Group 3

(b) Totals do not match totals for persons 25+ in the Age Distribution (App. 2) table because Census educational attainment information is derived from a statistical sample.

Sources: US Census; Strategic Economics, 2004.

Appendix 4: Race and Ethnicity: Primary Market Area, Hayward, Alameda County, 1990 & 2000

Race or Ethnicity	1990					
	Primary Market		Hayward		Alameda County	
	#	%	#	%	#	%
Hispanic or Latino (of any race)	3,717	21%	26,671	24%	181,805	14%
White	9,968	57%	57,005	51%	680,017	53%
Black or African American	1,427	8%	10,440	9%	222,873	17%
American Indian and Alaska Native	110	1%	735	1%	6,763	1%
Asian & Native Hawaiian & Other Pacific Islander	2,124	12%	16,299	15%	184,813	14%
Other	55	0%	348	0%	2,911	0%
Total	17,401	100%	111,498	100%	1,279,182	100%
Race or Ethnicity	2000					
	Primary Market		Hayward		Alameda County	
	#	%	#	%	#	%
Hispanic or Latino (of any race)	7,352	31%	47,850	34%	273,910	16%
White	7,953	34%	40,896	29%	591,095	34%
Black or African American	2,232	9%	14,846	11%	211,124	12%
American Indian and Alaska Native	131	1%	570	0%	5,306	0%
Asian	4,367	18%	26,189	19%	292,673	17%
Native Hawaiian & Other Pacific Islander	326	1%	2,511	2%	8,458	0%
Other	96	NA	692	NA	4,676	NA
Two or more race	1,153	5%	6,476	5%	56,499	3%
Totals	23,610	100%	140,030	100%	1,443,741	100%
Race or Ethnicity	Change 1990-2000					
	Primary Market		Hayward		Alameda County	
	#	%	#	%	#	%
Hispanic or Latino (of any race)	3,635	36%	21,179	79%	92,105	51%
White	-2,015	-20%	-16,109	-28%	-88,922	-13%
Black or African American	805	56%	4,406	42%	-11,749	-5%
American Indian and Alaska Native	21	19%	-165	-22%	-1,457	-22%
Asian & Native Hawaiian & Other Pacific Islander	2,569	121%	12,401	76%	116,318	63%

(a) Census Tract 4351.01 Block Groups 2,4,5; Census Tract 4378; Census Tract 4379; Census Tract 4380; Census Tract 4381; Census Tract 4382.02 Block Group 3

Sources: US Census; Strategic Economics, 2004.